

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

**Financial Statements as of December 31, 2013
and for the Year Then Ended
and Independent Auditors' Report
and Supplementary Information**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No 8
New Orleans, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 8 (the District), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and page 27, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Gurtner Zuniga Abney, LLC

Mandeville, Louisiana

April 10, 2014

REQUIRED SUPPLEMENTARY INFORMATION (PART 1)
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Our discussion and analysis of St. Tammany Parish Fire Protection District No.8's (the District's) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2013.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999, as amended by GASB Codifications.

Financial Highlights

A summary of the basic government-wide financial statements is as follows:

Condensed statements of net position as of December 31, 2013 and 2012

	2013	2012	Change
Total current assets	\$ 1,323,603	\$ 1,288,015	\$ 35,588
Non-current assets			
Capital assets, net	606,155	676,632	(70,477)
Total assets	1,929,758	1,964,647	(34,889)
Current liabilities	61,159	123,856	(62,697)
Long-term liabilities	132,861	202,345	(69,484)
Total liabilities	194,020	326,201	(132,181)
Net position			
Net investment in capital assets	483,155	491,632	(8,477)
Restricted – debt service	36,549	71,233	(34,684)
Unrestricted	1,216,034	1,075,581	140,453
Total Net Position	<u>\$ 1,735,738</u>	<u>\$ 1,638,446</u>	<u>\$ 97,292</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Condensed statements of activities for the years ended December 31, 2013 and 2012

	2013	2012	Change
Operating grants	\$ 25,041	\$ 94,697	\$ (69,656)
General revenues	1,137,139	1,159,473	(22,334)
Total revenues	1,162,180	1,254,170	(91,990)
Public safety – fire protection	1,058,356	1,075,473	(17,117)
Interest on long-term debt	6,532	11,084	(4,552)
Total expenses	1,064,888	1,086,557	(21,669)
Change in net position	97,292	167,613	(70,321)
Net position- beginning of year	1,638,446	1,470,833	167,613
Net position- end of year	\$ 1,735,738	\$ 1,638,446	\$ 97,292

Capital Assets

At the end of 2013, the District had \$606,155 invested in capital assets, including building, firefighting equipment, and vehicles, net of accumulated depreciation of \$1,106,275. Much of the decline in capital assets in the current year can be attributed to depreciation for the current year. No significant purchase of capital assets occurred. More detailed information about the District's capital assets is presented in Note F of the financial statements.

Debt Service and Certificates of Indebtedness

During the year ended December 31, 2013, the District continued to reduce its debt liabilities. First as a result of continued payment of its obligation on the certificate of indebtedness and also due in part to the forgiveness of the community disaster loan which was forgiven by the Federal Emergency Management Agency, an explanation of these changes can be found in Note G of the financial statements.

Economic Factors and Next Year's Budgets and Rates

During the year, a noticeable decline in operating grants is related to the continued reduction in grants from the Federal Government with respect to its Safer program. The District will continue to see a further reduction of this grant in 2014 as the grant expires at the end of 2014. In addition, the District incurred a larger portion of salary expense that was previously funded by this grant. In 2014, the District will take on the final portion of those hired as a result of the Safer program. In 2014, the District expects to have no other significant decrease in revenue or decrease in expenses.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Contingencies

The District continues to be involved in various litigations most notably one involving the District's former chief. The litigation is a result of the District's appeal to state district court from a decision of the District's civil service board that ordered the former fire chief reinstated. The state district court affirmed the reinstatement, but refused to grant the former fire chief's requests for back pay. The former fire chief has requested a discretionary review of the district court's ruling by the State Court of Appeal. That request is pending. Management believes the result will not have a material effect on the financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to St. Tammany Parish Fire Protection District No. 8, located at 22455 Hwy 36 East, Abita Springs, LA 70420.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 8
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 53,411
Investments	206,668
Receivables - ad valorem, net of allowance of \$64,160	975,282
Receivables - state revenue sharing	40,696
Receivables- other	2,846
Receivables - FEMA	44,700

Total current assets	1,323,603
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CAPITAL ASSETS, net of accumulated depreciation	606,155
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TOTAL ASSETS	1,929,758
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	7,552
Accrued expenses	19,974
Accrued interest payable	4,633
Certificates of indebtedness, current	29,000

Total current liabilities	61,159
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LONG-TERM LIABILITIES

Certificates of indebtedness	94,000
Compensated absences	38,861

Total long-term liabilities	132,861
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COMMITMENTS AND CONTINGENCIES (NOTES G AND J)	-
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NET POSITION

Net investment in capital assets	483,155
Restricted for debt service	36,549
Unrestricted	1,216,034

TOTAL NET POSITION	\$ 1,735,738
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See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

			Net (Expense) Revenue and Change in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES			
Public safety - fire protection	\$ 1,058,356	\$ 25,041	\$ (1,033,315)
Interest on long-term debt	<u>6,532</u>	<u>-</u>	<u>(6,532)</u>
Total governmental activities	<u>\$ 1,064,888</u>	<u>\$ 25,041</u>	(1,039,847)
GENERAL REVENUES			
Ad valorem taxes			982,697
State revenue sharing			39,400
Other			44,217
Forgiveness of debt - community disaster loan			44,700
Fire insurance premium tax			25,645
Interest			<u>480</u>
TOTAL GENERAL REVENUES			<u>1,137,139</u>
CHANGE IN NET POSITION			97,292
NET POSITION - Beginning of year			<u>1,638,446</u>
NET POSITION - End of year			<u>\$ 1,735,738</u>

See independent auditors' report and accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Combined Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 53,284	\$ 127	\$ 53,411
Investments	206,668	-	206,668
Receivables - ad valorem, net of allowance of \$64,160	941,436	33,846	975,282
Receivables - state revenue sharing	40,696	-	40,696
Receivables- other	2,846		2,846
Receivables - FEMA	44,700	-	44,700
Due from other funds	-	2,576	2,576
	<u>-</u>	<u>2,576</u>	<u>2,576</u>
TOTAL ASSETS	<u>\$ 1,289,630</u>	<u>\$ 36,549</u>	<u>\$ 1,326,179</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 7,552	\$ -	\$ 7,552
Accrued expenses	19,974	-	19,974
Due to other funds	2,576	-	2,576
	<u>2,576</u>	<u>-</u>	<u>2,576</u>
TOTAL LIABILITIES	30,102	-	30,102
FUND BALANCE			
Restricted for debt service	-	36,549	36,549
Unassigned	1,259,528	-	1,259,528
	<u>1,259,528</u>	<u>-</u>	<u>1,259,528</u>
TOTAL FUND BALANCE	<u>1,259,528</u>	<u>36,549</u>	<u>1,296,077</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,289,630</u>	<u>\$ 36,549</u>	<u>\$ 1,326,179</u>

See independent auditors' report and accompanying notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013**

FUND BALANCE - Total governmental fund	\$ 1,296,077
Amounts reported for governmental activities in the statement of net position:	
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds	606,155
Long-term liabilities, including certificates of indebtedness and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	
Certificates of indebtedness	(123,000)
Compensated absences	(38,861)
Accrued interest on long-term liabilities is not reported on long-term liabilities is not reported in the governmental funds	<u>(4,633)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,735,738</u></u>

See independent auditors' report and accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
REVENUES			
Ad valorem taxes	\$ 948,851	\$ 33,846	\$ 982,697
Federal grants	25,041	-	25,041
State revenue sharing	39,400	-	39,400
Other	44,217	-	44,217
Extinguishment of debt	44,700	-	44,700
Fire insurance premium tax	25,645	-	25,645
Interest	478	2	480
	<hr/>	<hr/>	<hr/>
Total revenues	1,128,332	33,848	1,162,180
EXPENDITURES			
Public safety - fire protection			
Salaries and benefits	838,982	-	838,982
Insurance	35,636	-	35,636
Repairs and maintenance	27,589	-	27,589
Dispatching	24,225	-	24,225
Professional fees	33,482	-	33,482
Fuel and oil	13,803	-	13,803
Utilities	11,627	-	11,627
Office	5,187	-	5,187
Telephone	5,186	-	5,186
Training and education	2,712	-	2,712
Uniforms	6,430	-	6,430
Other	5,732	-	5,732
Medical supplies and treatment	2,365	-	2,365
Capital outlay	13,117	-	13,117
Certificate of indebtedness - principal	20,060	-	20,060
Certificate of indebtedness - interest	2,290	-	2,290
Debt service - principal	-	62,000	62,000
Debt service - interest	-	6,532	6,532
	<hr/>	<hr/>	<hr/>
Total expenditures	1,048,423	68,532	1,116,955
NET CHANGES IN FUND BALANCE	79,909	(34,684)	45,225
FUND BALANCE - Beginning of year	<hr/> 1,179,619	<hr/> 71,233	<hr/> 1,250,852
FUND BALANCE - End of year	<hr/> \$ 1,259,528	<hr/> \$ 36,549	<hr/> \$ 1,296,077

See independent auditors' report and accompanying notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMEBER 31,2013**

NET CHANGES IN FUND BALANCE - Total governmental	\$	45,225
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Amounts report for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		(70,064)
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The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		145,593
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The following expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		<u>(23,462)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>97,292</u></u>
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See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of St. Tammany Parish Fire Protection District No. 8 (the District) is to acquire, maintain and operate equipment necessary to provide fire protection and control. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity – The District was established by joint ordinance of the St. Tammany Parish Police Jury and the Town of Abita Springs on May 16, 1974. The District is governed by a Board of Commissioners consisting of five members. Two commissioners each are appointed by the Town of Abita Springs and the St. Tammany Parish Council (the Council). The remaining member is selected by the appointed members and acts as Chairman of the Board.

As the governing authority of St. Tammany Parish (the Parish) for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for the Parish. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- a) Appoints a voting majority of an organization's governing body, and the ability of the Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- b) Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
- c) Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The St. Tammany Parish Fire Protection District No. 8 was determined to be a component unit of St. Tammany Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the St. Tammany Parish Fire Protection District No. 8 was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 8 and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

While the District is an integral part of the Parish reporting entity, GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Basis of Presentation – The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB codification.

Government-Wide Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds.

Fund Financial Statements - The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or the total assets, liabilities, revenues, or the expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The District reports the following major governmental funds. The general fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds. The debt service fund accounts for the retirement of the certificates of indebtedness.

Measurement Focus/Basis of Accounting - The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balance - governmental funds reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The approach is the reconciled, through adjustment, to the government-wide financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measureable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budgets and Budgetary Accounting – The District adopts an annual budget for the general fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District.

Cash, Cash Equivalents and Investments – Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Receivables – All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible is \$64,160 which represents 6% of the total ad valorem tax receivable, at December 31, 2013. The estimate is based on the District's history of collections within this revenue stream.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Compensated Absences – The District’s policy is to allow employees vacation pay based on length of service. Sick leave is provided for by the District but is noncumulative and the employee’s right to unused sick leave does not vest. Statutory sick leave under RS 33:1995 and 1995.1 provides for job related injury or illness entitling employees to a period of fifty-two week sick leave with pay as long as there is no negligence or culpable indiscretion on the part of the employee. Vacation pay is cumulative with any unpaid amounts paid to employees upon separation from the District’s service. At December 31, 2013, the District had compensated absences of \$38,861, which is reported as a liability on the statement of net position.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position.

In the fund financial statements, the debt proceeds are reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the debt service fund when paid.

Capital Assets – All capital assets are recorded at historical costs. Depreciation of all exhaustible capital assets is charged as an expense against the District’s operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes, for depreciation purposes, equipment over \$2,500. The following estimated useful lives and methods are used to compute depreciation.

Buildings	40 Years	Straight-Line
Vehicles	5-15 Years	Straight- Line
Equipment	5-15 Years	Straight- Line

Depreciation expense amounted to \$70,064 for the year ended December 31, 2013.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Equity Classifications – In accordance with GASB Codification, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

- a. *Net Investment in Capital Assets* – This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
- b. *Restricted* – This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – All other net position is reported in this category.

Fund Balance – The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

On January 1, 2011, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental type funds. In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

- *Assigned* – This component consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

The District has no nonspendable, committed, or assigned fund balances as of December 31, 2013.

NOTE B – AD VALOREM TAXES

Property taxes for the operations and bond debt service of the District are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in St. Tammany Parish. Assessed values are established by the St. Tammany Parish Assessor’s Office and the State Tax Commission at the percentages of actual value as specified by Louisiana Law. Taxes are due and payable December of the current year. The valuation allowance recorded is based on historical collection rates suggested by the St. Tammany Parish Sheriff’s Office.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied</u>	<u>Expiration</u>
Maintaining, Acquiring, Construction, Improving and Operating Fire Protection And Rescue Services	14.93	14.93	2018
Maintaining, Acquiring, Construction, Improving and Operating Fire Protection And Rescue Services	10.00	10.00	2018
Salaries and Benefits	10.00	9.95	2018

NOTE C – CASH AND CASH EQUIVALENTS

At December 31, 2013, the carrying value of the District’s cash and cash equivalents consisted of:

Demand deposits	\$ 53,284
Petty cash	<u>127</u>
Total cash and cash equivalents	<u>\$ 53,411</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Custodial Credit Risk- Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At December 31, 2013, the District had \$80,618 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

NOTE D – INVESTMENTS

Investments of \$206,668 which are stated at market using published market quotes December 31, 2013, consisted of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-RS 33:2955.

GASB Codification I50, *Accounting and Financial Reporting for Investment*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- *Credit risk* – LAMP is rated AAA by Standard & Poor's.
- *Custodial credit risk* – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool, therefore, no disclosure required.
- *Concentration of credit risk* – Pooled investments are excluded from the 5% percent disclosure requirement
- *Interest rate risk* – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average method (WAM). The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 45 days (from LAMP's monthly Statement of Net Position) as of December 31, 2013.
- *Foreign Currency Risk* – Not applicable to 2a7-like pools

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of pool shares.

LAMP is subject to the regulatory oversight of the state treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

NOTE E – FIRE INSURANCE PREMIUM TAX

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that they serve. In accordance with the Louisiana Revised Statutes, such money shall be used only for the purpose of “rendering more efficient and efficacious” fire protection as the District shall direct.

NOTE F – CAPITAL ASSETS

Capital assets for the year ended December 2013, were as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital asset, not being depreciated land	\$ 52,608	\$ -	\$ -	\$ 52,608
Capital assets, being depreciated				
Building	485,790	3,635	(19,500)	469,925
Equipment	636,033	-	-	636,033
Vehicles	550,949	2,915	-	553,864
Total capital assets, being depreciated	1,672,772	6,550	(19,500)	1,659,822
Less accumulated depreciation for				
Building	(193,388)	(13,621)	-	(207,009)
Equipment	(408,717)	(34,646)	-	(443,363)
Vehicles	(433,692)	(22,211)	-	(455,903)
Total accumulated depreciation	(1,035,797)	(70,478)	-	(1,106,275)
Total capital assets, being depreciated, net	636,975	-	-	553,547
Total capital assets, net	<u>\$ 689,583</u>	<u>\$ (63,928)</u>	<u>\$ (19,500)</u>	<u>\$ 606,155</u>

A depreciation expense of \$70,478 was charged to public safety – fire protection in governmental activities during 2013.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE G – LONG-TERM DEBT AND OTHER OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended December 31, 2013:

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
Due In Less than One Year				
Certificates of Indebtedness	\$ 62,000	\$ 29,000	\$ 62,000	\$ 29,000
Community Disaster Loan	20,060	-	20,060	-
Total Due in Less Than One Year	\$ 82,060	\$ 29,000	\$ 82,060	\$ 29,000
Due in More than One Year				
Certificates of Indebtedness	\$ 123,000	\$ -	\$ 29,000	\$ 94,000
Community Disaster Loan	63,533	-	63,533	-
Total Due in More than One Year	\$ 186,533	\$ -	\$ 92,533	\$ 94,000

The following is a description of long-term obligations for the year ended December 31, 2013:

Certificates of Indebtedness

\$250,000 Series 2007 Certificate of Indebtedness, payable in annual principal installments of \$23,000 to \$33,000, plus interest at 3% to 4.5% through 2017. Secured by ad valorem taxes.

\$ 123,000

Total Certificated of Indebtedness

\$ 123,000

The District had a note payable to the Federal Emergency Management Agency (FEMA) with payable annual principal installments of \$7,597 to \$21,750 with interest at 2.74% through 2016. This note was secured by a pledge of revenues for each year that the debt is outstanding. During the year ended December 31, 2012, the District applied and was approved for cancellation of this debt by FEMA, which they were granted in 2013. As a result of the forgiveness, they are due a refund from FEMA of \$44,700 for amounts previously paid.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE H – LOUISIANA FIREFIGHTERS’ RETIREMENT SYSTEM PENSION

Plan Description – Substantially all employees of the District are members of the Louisiana Firefighters’ Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100% percent of their final average salary. Final average salary is the employee’s average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters’ Retirement System, Post Office Box 94095, Capital Station, Baton Rouge, Louisiana 70804, by calling (225) 925-4060, or online at www.lafirefightersret.com.

Funding policy – Members of the System are required by state statute to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate was 24% of covered annual payroll and increased to 28.25% on July 1, 2013. The contribution requirements for members of the System and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District’s contributions to the System for the years ending December 31, 2013, 2012, and 2011, were \$147,827, \$130,550, and \$119,440, respectively, which equal required contribution.

NOTE I – SUPPLEMENTAL SALARIES

During the year ended December 31, 2013, the full time employees received additional pay in the amount of \$74,667 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance – governmental fund in salary expense for the year ended December 31, 2013.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE J – CONTINGENCIES

Litigation – The District is involved in a legal dispute filed against it by the former District Fire Chief. A request by the Former Fire Chief for review of the district court’s ruling is ongoing as of December 31, 2013 and is presently pending with the Louisiana Court of Appeal. Management believes the ultimate resolution of this litigation will not have a material impact on the financial statements.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 10, 2014, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO 8
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad valorem taxes	1,021,200	1,021,200	\$ 948,851	\$ (72,349)
Federal grants	21,300	21,300	25,041	3,741
Forgiveness of debt	-	-	44,700	44,700
State revenue sharing	39,500	39,500	39,400	(100)
Other	28,700	28,700	44,217	15,517
Fire insurance premium tax	21,500	21,500	25,645	4,145
Interest	500	500	478	(22)
Total revenues	1,132,700	1,132,700	1,128,332	(4,368)
EXPENDITURES				
Public safety - fire protection				
Salaries and benefits	828,941	828,941	838,982	(10,041)
Insurance	35,600	35,600	35,636	(36)
Repairs and maintenance	30,000	30,000	27,589	2,411
Dispatching	25,500	25,500	24,225	
Professional fees	25,000	25,000	33,482	775
Fuel and oil	19,500	19,500	13,803	5,697
Utilities	12,000	12,000	11,627	373
Office	3,200	3,200	5,187	
Telephone	6,300	6,300	5,186	
Training and education	12,000	12,000	2,712	6,813
Uniforms	6,600	6,600	6,430	170
Other	9,700	9,700	5,732	
Medical supplies and treatment	2,000	2,000	2,365	(3,732)
Capital outlay	23,677	23,677	13,117	10,560
Certificate of indebtedness - principal	20,060	20,060	20,060	-
Certificate of indebtedness - interest	2,290	2,290	2,290	-
Total expenditures	1,062,368	1,062,368	1,048,423	12,990
NET CHANGES IN FUND BALANCE	\$ 70,332	\$ 70,332	\$ 79,909	\$ 8,622
FUND BALANCE-BEGINNING OF YEAR			1,179,619	
FUND BALANCE-END OF YEAR			\$ 1,259,528	

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
SCHEDULE OF GOVERNING BOARD
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Board of Commissioners</u>	<u>Compensation</u>
Daniel Curtis, Board Chairman 22260 Main St. Abita Springs, LA 70420	\$-0-
Glynn Passman 22146 Main St. Abita Springs, LA 70420	-0-
Jay Hawkins 22271 Main St. Abita Springs, LA 70420	-0-
Ryan Murphy 22147 North St. Abita Springs, LA 70420	-0-
Michael Tusa 22265 Main St. Abita Springs, LA 70420	-0-

See independent auditors' report.



Certified Public Accountants & Consultants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
St. Tammany Parish Fire Protection District No 8
Abita Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Fire Protection District No 8 (the District), which comprise the governmental activities and the major funds as of and for the year ended December 31, 2013, and the related notes to financial statements, and have issued our report thereon dated April 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify a deficiency in internal control over financial reporting that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gurtner Zuniga Abney, LLC

Mandeville, Louisiana

April 10, 2014

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2012**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.